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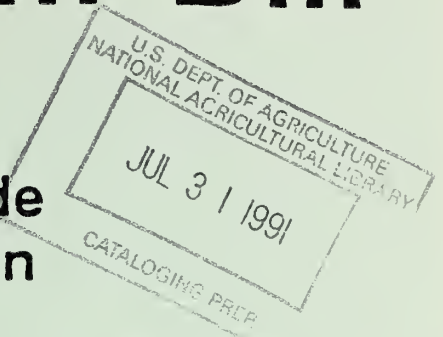
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1990 Farm Bill

**Side-by-Side
Comparison
of
Administration's "Green Book"
Proposals
and
House (H.R.3950)
Senate (S.2830)
Farm Bills
As Amended by Floor Action**



September 1990



Small Community and Rural Development Provisions Side-By-Side

1990 Farm Bill

Side-by-Side Comparison of Administration's "Green Book" Proposals and House (H.R. 3950) and Senate (S. 2830) Farm Bills

Small Community and Rural Development

August 30, 1990

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COMPARISON OF HOUSE AND SENATE PASSED 1990 FARM BILLS--AS OF AUGUST 30, 1990

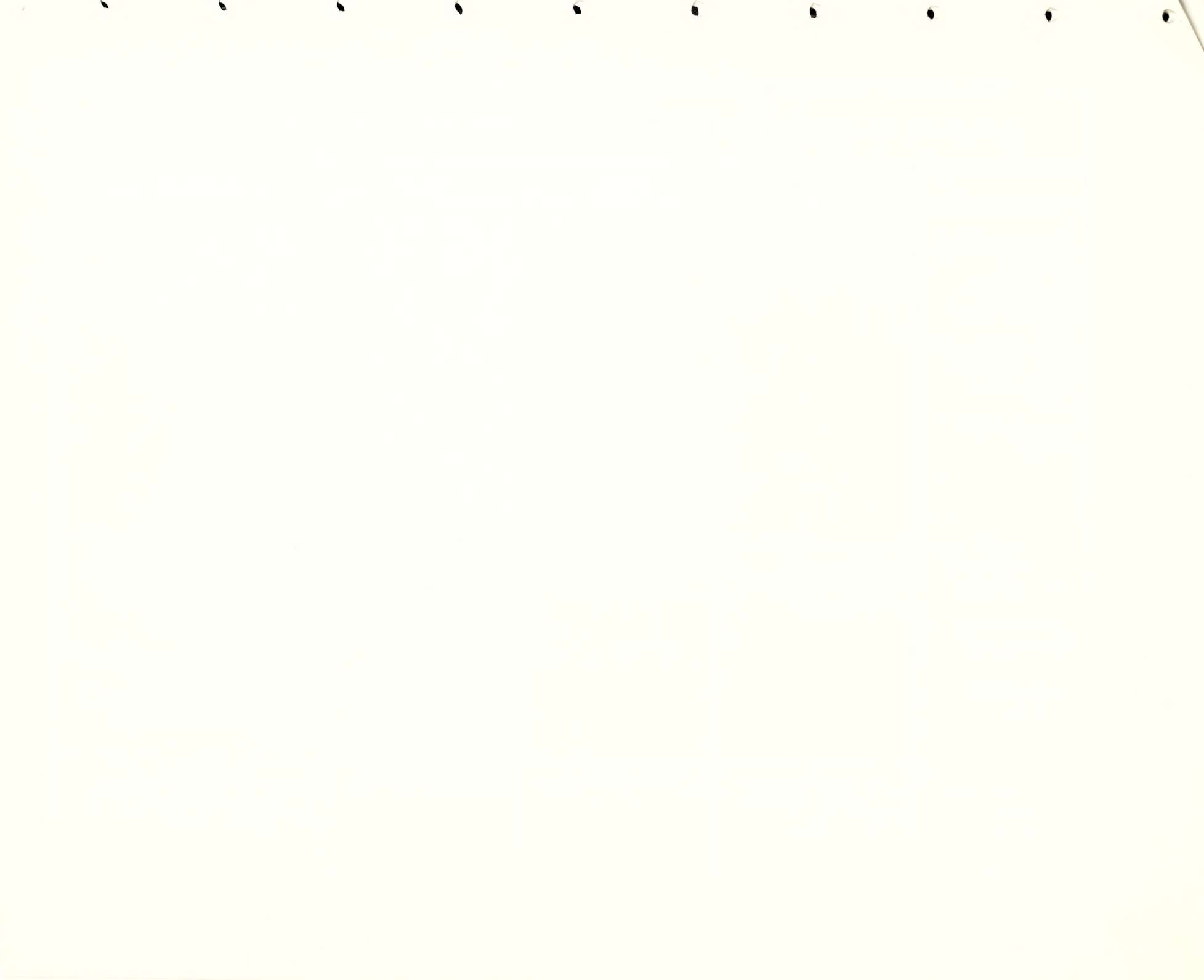
	Administration	House	Senate	Comments
	CREDIT PROVISIONS			
1. Level of indebtedness for direct operating loan borrowers.	Limit maximum borrower indebtedness for direct farm operating loans to \$100,000 at any one time.	No comparable provision.	No comparable provision.	The current limit is \$200,000. Limits future outlays and Federal risk exposure. Makes loans available to more farmers; higher limit available with guarantees.
2. Education or work experience necessary for borrower success.	Require education or work experience, including at least 1 year of farm work, during 3 of preceding 5 years for direct OL and require three years of actual farm experience within the most recent 5 years for guaranteed farm ownership (FO) loans.	No comparable provision.	Requires 3 years of farm training or experience, including at least 1 year farming experience, during the preceding 5 years for direct and guaranteed ownership and operating loans. [Section 1302 (FO), Section 1306 (OL)]	Experience will reduce risk of borrower failure in an inherently high risk business.
3. Use of direct operating and guaranteed loan proceeds to refinance existing debt.	Prohibit use of direct farm operating loan funds to refinance existing debt; prohibit use of guaranteed farm ownership loan funds for debt refinancing except for refinancing from direct loans.	No comparable provision.	No comparable provision.	Administration position is intended to reduce pass-through of bad debt from private lenders to the government.

COMPARISON OF HOUSE AND SENATE PASSED 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
4. Period of eligibility for either a direct or guaranteed operating loan.	Limit eligibility to total of 7 years for a direct or guaranteed operating loan; a borrower could still receive a 7-year direct equipment loan for a total eligibility of 14 years.	No comparable provision.	Effective 10 years after enactment no direct loan may be made to a borrower who obtained a direct or guaranteed loan 10 years or more prior to the closing date for the new loan. [Section 1325]	<p>Administration proposal limited to farmer program operating loans; intent is to return FmHA to the role of providing short-term temporary credit.</p> <p>However, Senate language as written includes farm ownership loans and, apparently inadvertently, water and waste disposal, community facility and business and industry loans.</p> <p>Inclusion of these Community Programs could preclude essential follow-up loans for expansion or to meet emergencies.</p> <p>Administration proposal more limited in time (7 and 10 years rather than 10 and 15 years). Purpose is to move FmHA back to role of temporary provider of short-term credit. Senate provision, while less restrictive, establishes key principle of limited eligibility. Limited eligibility directs successful farmers to private sector, frees up resources for new farmers.</p>
5. Period of eligibility for any combination of direct and guaranteed operating loans.	Limit to ten years maximum eligibility for combination of new direct and guaranteed OL.	No comparable provision.	Fifteen years after enactment no loan could be guaranteed for borrowers who obtained direct or guaranteed loan 15 years or more before closing date of the new loan. [Section 1325]	Limited time eligibility directs successful farmers to private sector, frees up resources for new farmers.

COMPARISON OF HOUSE AND SENATE PASSED 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
6. Underwriting forms, standards, practices, and terminology for direct operating and ownership loans.	Use underwriting forms, standards, practices and terminology consistent with those of private sector.	No comparable provision.	Use underwriting forms, standards, practices and terminology consistent with those of private sector. Adopted with provision that no regulations may be issued which call for use of ratios (reflecting such factors as liquidity, solvency, operations, and return on assets) to qualify borrowers unless FmHA submits to Congress a study demonstrating that such would be consistent with the Consolidated Farm and Rural Development Act (CONACT). [Section 1311]	Consistency with private sector practices is critical to promotion of guaranteed programs and secondary markets, as well as sound underwriting practice. Limiting language is unnecessary; already in existing law. FmHA has draft of Price Waterhouse study dealing with ratios.
7. Interest assistance for guaranteed operating and ownership loans.	Provide interest assistance averaging 3 percent on basis of cash-flow needs.	No comparable provision.	Comparable to Administration; interest rate reduction up to 4 percentage points. Requires the Secretary, to the extent practicable, to subsidize guaranteed loans amounting to not less than \$100 million in FY '91, \$200 million in FY '92, and \$300 million in FY '93, '94, and '95. [Section 1319]	Interest assistance is essential to expand participation of private lenders in the guarantee program and to bring guaranteed loans within the reach of more borrowers. As worded, this provision amending the existing interest rate reduction program does not constitute a statutory ceiling or floor on the rate charged to borrowers.
8. Duration of farm ownership loan guarantees.	Limit guarantee period to 15 years; loans may extend longer at lender's option.	No comparable provision.	No comparable provision.	Fifteen years is enough for borrower to establish likelihood of success in terms of qualifying for commercial credit.



COMPARISON OF HOUSE AND SENATE PASSED 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
9. Continuation loans; New loans to borrowers despite their inability to service other debts, including previous FmHA loans.	Terminate.	No comparable provision.	No comparable provision.	It is bad policy to make new loans to borrowers incapable of repaying existing indebtedness to FmHA.
10. Equity requirement for guaranteed operating and ownership loans.	Require guaranteed borrower to have 20 percent equity in the operation except when refinancing from direct loans; require 20 percent equity or 20 percent down payment by guaranteed farm ownership borrower.	No comparable provision.	No comparable provision.	Administration experience shows that highly leveraged farmers experience far greater failure rates.
11. Eligibility for direct farm ownership loans.	Limit direct farm ownership loans to socially disadvantaged.	No comparable provision.	No comparable provision.	Since Congress has reduced the program sharply, it is appropriate to target limited funds to a class of borrowers given special emphasis for ownership under the Agricultural Credit Act of 1987.
12. Direct farm ownership indebtedness.	Impose direct farm ownership loan limitation of \$150,000.	No comparable provision.	No comparable provision.	Intended to discourage excessive debt for purchase of farmland for high risk borrowers; it is less costly for a farmer to build an operation on leased land initially; spreads limited federal resources to greater number of farmers.



COMPARISON OF HOUSE AND SENATE PASSED 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
13. Limitation of guaranteed farm ownership loan borrowers.	Limit guaranteed FO loans to those who would become operators for the first time or those who wish to expand family farms.	No comparable provision.	No comparable provision.	Administration position emphasizes FmHA's focus on beginning family farmers.
14. Charging interest on delinquent interest payments.	Eliminate statutory prohibition against charging interest on interest payments that are less than 90 days overdue.	No comparable provision.	Same as Administration. [Section 1308(b)]	Current treatment of delinquent interest amounts to an interest free loan. Not consistent with normal government or private sector lending practice. Existing law forces FmHA to handle repayment of such interest amounts separately. Affects Community Programs as well as Farmer Programs.
15. Certification of loan eligibility.	Permit County Committees to certify a borrower's eligibility for farm operating loans for a period of two years.	No comparable provision.	Same as Administration. [Section 1313]	Senate provision expedites loan approval process. Current law requires certification for each loan. Some borrowers obtain more than one loan in a single year. Certification occurs at a time when County Committee members are busy with their own farming operations.

COMPARISON OF HOUSE AND SENATE PASSED 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
16. Emergency loan eligibility for family cooperatives, partnerships, and joint operations.	Extend eligibility for Disaster Emergency loans to entities whose members are related by blood or marriage, provided they meet other eligibility requirements.	No comparable provision.	No comparable provision.	Regular FmHA farm operating and ownership loan borrowers are eligible for such loans as individual operators and as members of entities with separate operations, within adequate safeguards to maintain principle of family sized operations. Proposal would extend same eligibility to disaster emergency loans for consistency of approach.
17. Debt settlement of non-program loans.	Consolidate nonprogram, economic opportunity, intermediary relending, and national nonprofit corporation loans under CONACT debt settlement.	No comparable provision.	Same as Administration. [Section 1308(a)]	Nonprogram debt settlement outside the CONACT now must be handled by the Justice Department, causing delays of settlement.
18. Limited resource interest rates for ownership and operating direct loans/ minimum rate.	Standardize limited-resource farm ownership and operating loan interest rates at one-half Treasury rate plus 1 percent, with floor of 5 percent.	No comparable provision.	Same as Administration. [Sections 1304, 1307]	There is a need for consistency eliminating different interest rate calculations in the law, and for a minimum interest rate floor.



COMPARISON OF HOUSE AND SENATE PASSED 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
19. Deadline for loan approval.	Permit FmHA to hold Community Program (CP) and Business and Industry (B&I) applications when they cannot be approved within 60 days due to lack of available funding.	No comparable provision.	Approved only for B&I applications. [Section 1314]	Avoids needless disapproval of loans when funds will become available in future.
20. County Committee role in release of liability.	Eliminate CONACT requirement that County Committee must approve release of liability for community and business loans.	No comparable provision.	Same as Administration. [Section 1308(a)(1)]	County Committees have no role in or experience with making or servicing such loans. Needless burden and source of delay.
21. Circular A-95 compliance.	Eliminate obsolete CONACT language requiring A-95 review.	No comparable provision.	No comparable provision.	OMB circular A-95 has been rescinded. Thus existing law mandates compliance with a non-existent requirement
22. Leaseback/buyback of nonfarm collateral	Eliminate leaseback/buyback of nonfarm collateral.	No comparable provision.	No comparable provision.	Leaseback/buyback is intended to keep farmers in farming, not unrelated business.
23. Valuation of collateral for emergency loans.	Eliminate requirement for valuation at the higher of current value or year-earlier value.	No comparable provision.	No comparable provision.	Current law causes FmHA to use appraised values not consistent with current market value.



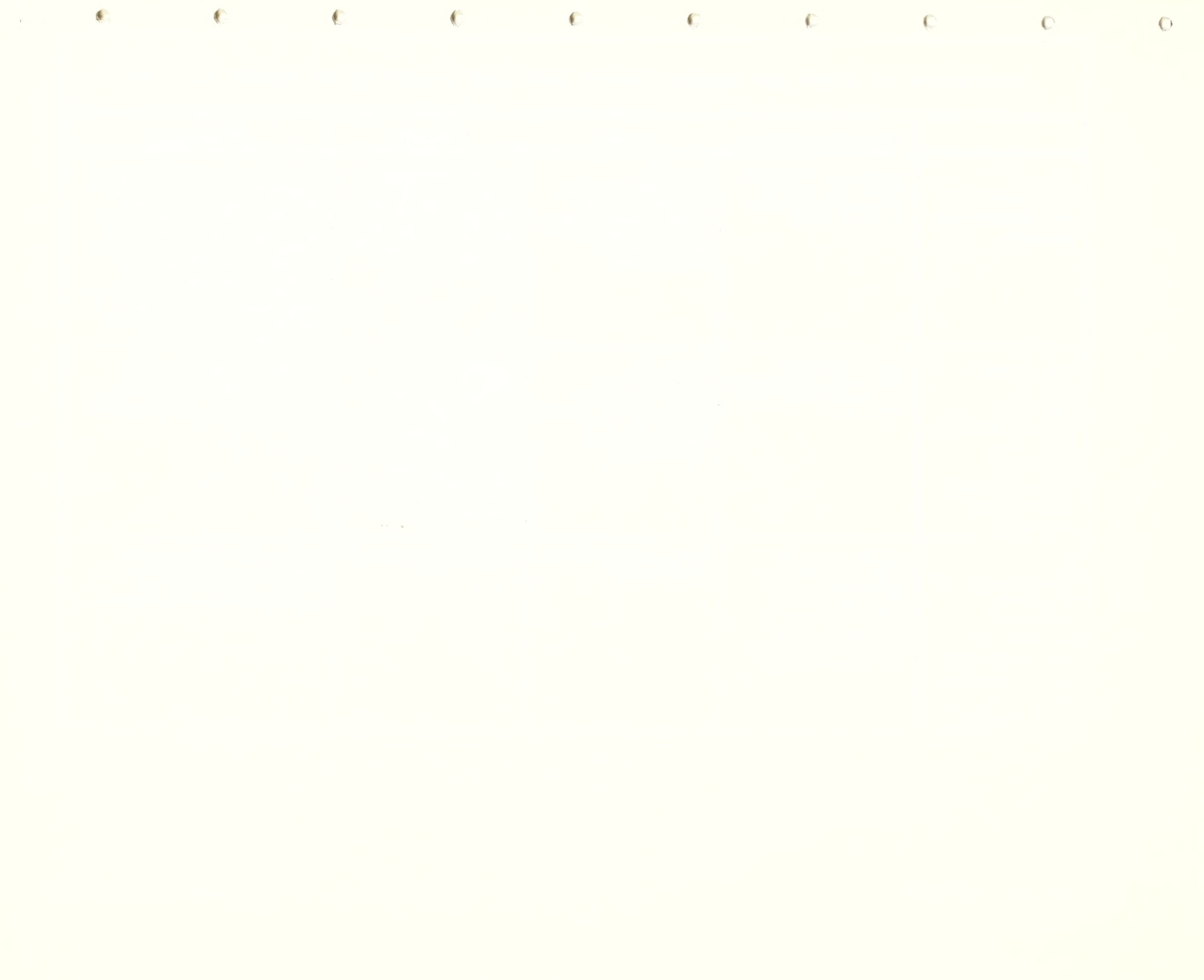
COMPARISON OF HOUSE AND SENATE PASSED 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
24. Debt write-down and write-off limitation.	Limit write-down to one per borrower.	Provides for only one debt forgiveness per borrower. Same as Administration. [Section 2906]	One debt forgiveness limitation with two exceptions: 1) A subsequent delinquency which results from a Presidentially declared emergency or disaster. 2) A borrower may be given a subsequent write-down in an amount which, if added to the amount originally written down, would have provided a 5% debt service cushion. Also, provides a 5% debt service cushion for new first time write-downs. [Section 1320(h)]	Multiple write-down and write-off of debt encourages delinquency and leads to government losses. [Section 1320(c)] Assumes borrowers with write-down need a 5% margin of that portion of income available to repay debt to avoid subsequent failure. Write-down eligibility in connection with natural disasters would create a new, specific category of disaster relief -- debt write-down -- for a specific category of borrowers -- those already given write-down. Other farmers affected by disasters would be limited to EM loans which must be repaid.
25. Cut-off of debt write-down eligibility.	No write-down for loans made after January 6, 1988.	Same as Administration. [Section 2906]	No comparable provision.	Write-down and write-off of debt should not be a permanent feature of debt servicing options.
26. Recapture of value under net recovery buy-out.	Extend recapture period for net recovery buy-out to 10 years from 2 years.	Similar to Administration adding a requirement that borrower had not previously received a write-down or write-off. [Section 2906]	Adopted language containing a 10-year shared appreciation requirement similar to that applicable to write-down. [Section 1320(e)]	Current law permits borrower windfalls. Both House and Senate provisions extend the time frame in which FmHA can recapture debt written off. Senate provision provides virtually equal treatment of write-down under debt restructuring and write-off under net recovery buy-out.



COMPARISON OF HOUSE AND SENATE PASSED 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
27. Calculation of recapture amount.	Recapture at difference between net recovery value and market value at time of sale.	Similar to Administration except for provision that amount recaptured shall not exceed amount of debt written off. [Section 2906]	Same as Administration except that interfamily transfers upon death or retirement of borrower shall not trigger shared appreciation. [Section 1320(e)]	FmHA's existing procedures do not provide for recapture when market value of property increases following a net recovery buyout. Either provision would achieve Administration objective. Senate language on calculation of recapture, would not trigger recapture when borrower retires or dies, would create a loophole if combined with the House 10 year provision.
28. Good-faith dealing requirements for net recovery buy-out and leaseback/buyback.	Require good-faith dealing for net recovery buy-out and preservation servicing.	Similar to Administration. Requires good-faith dealing for net recovery buy-out and leaseback/buyback. [Section 2906]	Similar to Administration. Borrowers who fail to act in good faith or whose delinquency is not beyond their control would be ineligible for buy-out, homestead protection, or priority under leaseback/buyback. [Section 1320(e)]	Current law requires FmHA to extend program benefits to borrowers in blatant violation of loan agreements. Senate provision is stronger.
29. Inclusion of missing secured assets in determining net recovery value of collateral.	Include all assets listed in security agreements in write-down/write-off calculations even if disposed of without authorization or otherwise unaccounted for.	Same as Administration. [Section 2903]	No comparable provision.	Would prevent borrowers from obtaining larger write-down as a result of the unauthorized disposition of secured property.



COMPARISON OF HOUSE AND SENATE PASSED 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
30. Dollar limitation on debt write-down and write-off.	Limit write-down or buy-out to \$250,000 per borrower.	Limits buy-out to \$250,000; limits write-downs of "principal or interest" to \$250,000. [Sections 2905, 2906]	Limits write-downs of principal and interest combined to \$350,000. [Section 1320(h)]	Administration, House and Senate provisions prohibit multi-million dollar write-offs which discredit the program and encourage delinquency. Effect of House language is unclear. House limitation of write-downs to "principal or interest" would limit the amount of the borrower's debt to which the limitation would apply.
31. Calculation of assets in determining debt forgiveness.	Include all borrower assets in calculating debt forgiveness.	Similar to Administration. Include all assets except value of unencumbered assets essential for family living or farm operating expenses. [Section 2904]	The Senate language is similar, prohibiting forgiveness of amounts the borrower could pay to reduce or terminate debt through liquidation of non-essential assets. [Section 1320(h)] In addition, if borrower has sufficient assets to bring the delinquent loan current, the borrower is ineligible for restructuring. [Section 1320(a)]	Limits amount of debt forgiveness for borrowers who have unencumbered assets available to reduce or terminate their delinquency. Senate version makes forgiveness more difficult to obtain than House.
32. Pricing of inventory property.	Price inventory farmland at market rather than capitalization value.	Similar to Administration. Applies appraised market value for sales under leaseback/buyback. All other sales at fair market value based on bids or negotiated sale. [Section 2901]	Same as Administration. [Section 1316(g)]	Prevents windfalls to purchasers in areas where land has high value for nonfarm purposes. Both House and Senate versions would achieve Administration objectives.



COMPARISON OF HOUSE AND SENATE PASSED 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
33. County Committee role in selecting applicants for inventory property purchases.	Randomly select among multiple bidders submitting identical bids.	No comparable provision.	Adopted with provisions reducing holding period for FmHA inventory property from 3 years to 12 months from the date its availability is published. [Section 1316(b)]	Cases of multiple applicants for one parcel of inventory farmland, current requirement leads to multiple appeals by would-be purchasers not selected. Administration proposal did not address reduction in holding period; however, Senate provision will result in significant savings.
34. Time limit extensions.	Give borrowers 60 days to submit restructuring requests and 90 days to arrange financing for net recovery buy-out, and FmHA 90 days to process restructuring requests.	Same as Administration. [Sections 2907(a), 2905, 2907(b)]	Same as Administration. [Sections 1310, 1320(e), 1320(d)]	Reflects operating realities of 1987 Ag Credit Act implementation.
35. Farmer Mac pooling of FmHA guaranteed loans.	Allow Farmer Mac to pool loan guarantees.	No comparable provision	Same as Administration. [Section 1350]	Facilitates use of guaranteed loan program for secondary market.
36. Waiver of Farmer Mac underwriting standards for FmHA pools.	Allow Farmer Mac to waive underwriting standards for FmHA pools.	No comparable provision	Same as Administration. [Section 1350]	Facilitates use of guaranteed loan program for secondary market.
37. Transfer of property secured by FmHA loan.	No comparable provision.	No comparable provision.	Document agency consent to transfer property securing an FmHA loan. [Section 1309]	Current procedures already require the recording of such approvals.

COMPARISON OF HOUSE AND SENATE PASSED 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
38. County Committee elections.	No comparable provision.	No comparable provision.	Allow election of program-eligible farmer to FmHA County Committee when appointed member is also program-eligible. Requires mailing of election ballots if the mailing coincides with mailings by ASCS. [Sections 1312(a), 1312(b)]	Would encourage wider participation in elections.
39. Training for County Committee Members.	No comparable provision.	No comparable provision.	Require annual training for County Committee Members and development of a training manual. [Section 1312(c)]	Would improve committee operations and decision making process.
40. Implementation of appeals decisions.	No comparable provision.	No comparable provision.	Require appeals decisions be implemented in reasonable time. [Section 1315]	A reasonable provision, but any amendment providing that failure to meet a deadline would result in automatic finding for the appellant is not good policy.
41. Beginning farmers/ inventory property.	No comparable provision.	No comparable provision.	Beginning farmers and ranchers are added to preferential category in acquiring inventory property. [Section 1315(e)]	Inventory property conveyed by credit sale as a promising source of ownership opportunities for beginning farmers.
42. Inventory property on Indian land.	No comparable provision.	No comparable provision.	Expand borrower rights on inventory property on Indian Tribal land. [Section 1315(f)]	Gives an Indian Tribe or an Indian corporation the right to lease or purchase inventory land formally owned by an Indian borrower when such former owner/borrower does not exercise first right of refusal to acquire the property. Applies to all Indian lands in inventory regardless of when acquired by FmHA

COMPARISON OF HOUSE AND SENATE PASSED 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
43. Indian lands acquisition.	No comparable provision.	No comparable provision.	Authorize \$8 million annually for Indian lands liquidation for FY 1991-1995. Provide for interest at limited resource rate. [Section 1364]	Earmarks additional assistance to enable Indians to reacquire reservation lands previously sold to the private sector. Minimal increase in funding, reflects increasing demand.
44. Debt-service margin for debt write-down.	No comparable provision.	No comparable provision.	Require write-down to show 105 percent margin (for debt service). [Section 1320(c)]	Will reduce risk of failure by borrowers who loans are restructured with debt write-down.
45. Contested appraisals.	No comparable provision.	No comparable provision.	If borrower's appraisal and FmHA's conflict, do new appraisal. Base value on average of two closest appraisals. FmHA and borrower split cost of new appraisal. [Section 1320(g)]	Addresses a contentious issue complicating the restructuring process.
46. Loss payments in partial liquidations.	No comparable provision.	No comparable provision.	Clarify that lender can be eligible for payment of loss incurred on a guaranteed loan in connection with a partial liquidation of the borrowers collateral securing the loan; full liquidation not required for loss payment to lender. [Section 1320(h)]	Expands on provision in existing law permitting loss payments which FmHA makes under guarantee agreements without requiring foreclosure.



COMPARISON OF HOUSE AND SENATE PASSED 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
47. Allocation of funds targeted to socially disadvantaged on Indian reservations.	No comparable provision.	No comparable provision.	Require target participation funds be allocated on reservation-wide basis in counties within Indian reservations. [Section 1321]	Allocation of funds on this basis would not add to or subtract from total amount targeted to Indian applicants.
48. Borrower training/loan eligibility.	No comparable provision.	No comparable provision.	Require training for farm borrowers at their expense, linking training to loan eligibility as needed. [Section 1322] Training eligible for loan funds.	Will increase borrower prospects for succeeding in farming.
49. Loan application assessments.	No comparable provision.	No comparable provision.	Requires evaluation of farm plan and financial situation of each applicant, including periodic reviews of direct and guaranteed farm loans. [Section 1323]	Consistent with FmHA current efforts to improve borrower performance by strengthening supervision of credit.
50. Training of FmHA field staff.	No comparable provision.	No comparable provision.	Require FmHA to improve staff training in credit analysis, and financial and farm management. [Section 1324]	Same as above.
51. Economic emergency loans.	No comparable provision.	No comparable provision.	Eliminate authority for economic emergency loans. [Section 1361]	Program no longer funded; has accounted for disproportionate share of loss.

COMPARISON OF HOUSE AND SENATE PASSED 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
52. Outreach for socially disadvantaged.	No comparable provision.	No comparable provision.	Authorize \$2.5 million annually for FY 1991-1995 for socially disadvantaged outreach. [Section 1362]	Provides specific authorization for an activity currently carried out under general authority with no specific authorization.
53. Wetland easements.	No comparable provision.	No comparable provision.	Limits percentage of FmHA inventory farm acreage subject to easements to maintain marketability. [Section 1316(l)]	Senate provision further limits easements below the maximum percentage in cases of farmland under leaseback/buyback or sold to beginning farmers who are FmHA borrowers. Language is compromise between USDA and Department of Interior.
54. Conservation easements for non-delinquent borrowers.	No comparable provision.	No comparable provision.	Makes debt write-down in exchange for conservation easements available to non-delinquent borrowers. [Section 1318]	Expensive approach to wetlands. Other provisions better satisfy problem (see conservation section).
55. Use of funds for soil and water loan program.	No comparable provision.	Similar to House.	Broadens eligibility for soil and conservation loans. Loans may be used for installation of conservation structures, forest cover, permanent pasture or conversion to or maintenance of sustainable agriculture systems. [Section 1303]	House: Maximum loan at \$50,000 per producer. House: Priority for installation of conservation structures needed for conservation compliance plans. Both: Loans made or insured under Subtitle A of Title III of the Agricultural Credit Act of 1961. See also ASCS side-by-side, item 192.



COMPARISON OF HOUSE AND SENATE PASSED 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
56. Hawaiian Home Lands	No comparable provision.	No comparable provision.	Language to address title problems on Hawaiian Home Lands. [Section 1305]	Hawaiian Home Lands acreage is not subject to ownership in fee simple but rather conveyed under hundred-year leases. Existing law accommodates the problem of securing loans for housing in the absence of title and fee simple. The new proposal would extend the housing provision to cover farm land.
57. State mediation grants.	No comparable provision.	No comparable provision.	Extend state mediation grant program through 1995. [Section 1363]	Program is working well at modest cost. States must match grants.
58. Borrower notification of debt settlement procedures.	No comparable provision.	No comparable provision.	Include debt settlement information with delinquent farm borrower's notices. [Section 1310]	Not necessary under current practice.
59. Farmer program authorizations.	No comparable provision.	No comparable provision.	Provides authorizations through FY 1995 for direct and guaranteed operating and ownership loans; provides that certain direct loan funds be transferred to provide interest assistance under the guaranteed lending program (see item # 7, interest assistance, on page 3). [Section 1319]	Interest assistance is requested in the USDA budget proposal; will make the guaranteed lending program available to more farmers.

COMPARISON OF HOUSE AND SENATE PASSED 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
60. Sense of Congress re USDA OIG and GAO findings.	No comparable provision.	No comparable provision.	Sense of Congress that FmHA should promptly correct problems identified by USDA OIG and GAO in loan application review and monitoring of guaranteed loan servicing. [Section 1328]	FmHA is developing strategic plan to address identified problems of Senate language.
61. Sense of Congress re beginning farmers.	No comparable provision.	No comparable provision.	Sense of Congress that FmHA should establish programs of finance and assistance for land transfer between generations and establishment of new farm units. [Section 1327]	USDA 1990 proposals are consistent with this intent.
62. Farms for the Future Act.	No comparable provision.	Comparable to Senate, but with a maximum Federal matching of 50% program funding subject to appropriations. [Section 1618]	Provides for a 10-year program run by FmHA for no interest and low interest guaranteed loans in states with programs to preserve farm land for future agricultural use. Authorizes up to \$10 million per state per year and matching funds on a 2 to 1 basis. [Title XII, Subtitle E]	Allows states with qualifying farmland preservation programs to finance them in part with interest generated by investment of no interest and low interest federal loan funds. This proposal is not a farm credit issue and is therefore misplaced. New program at a time of budget problems. States can handle through tax exemptions, regulatory authority.
63. Market placement.	No comparable provision.	No comparable provision.	Requires FmHA to establish a market placement program for beginning farmers and other borrowers under the guaranteed loan program. [Section 1326]	Duplicates current Project "Assist" program.

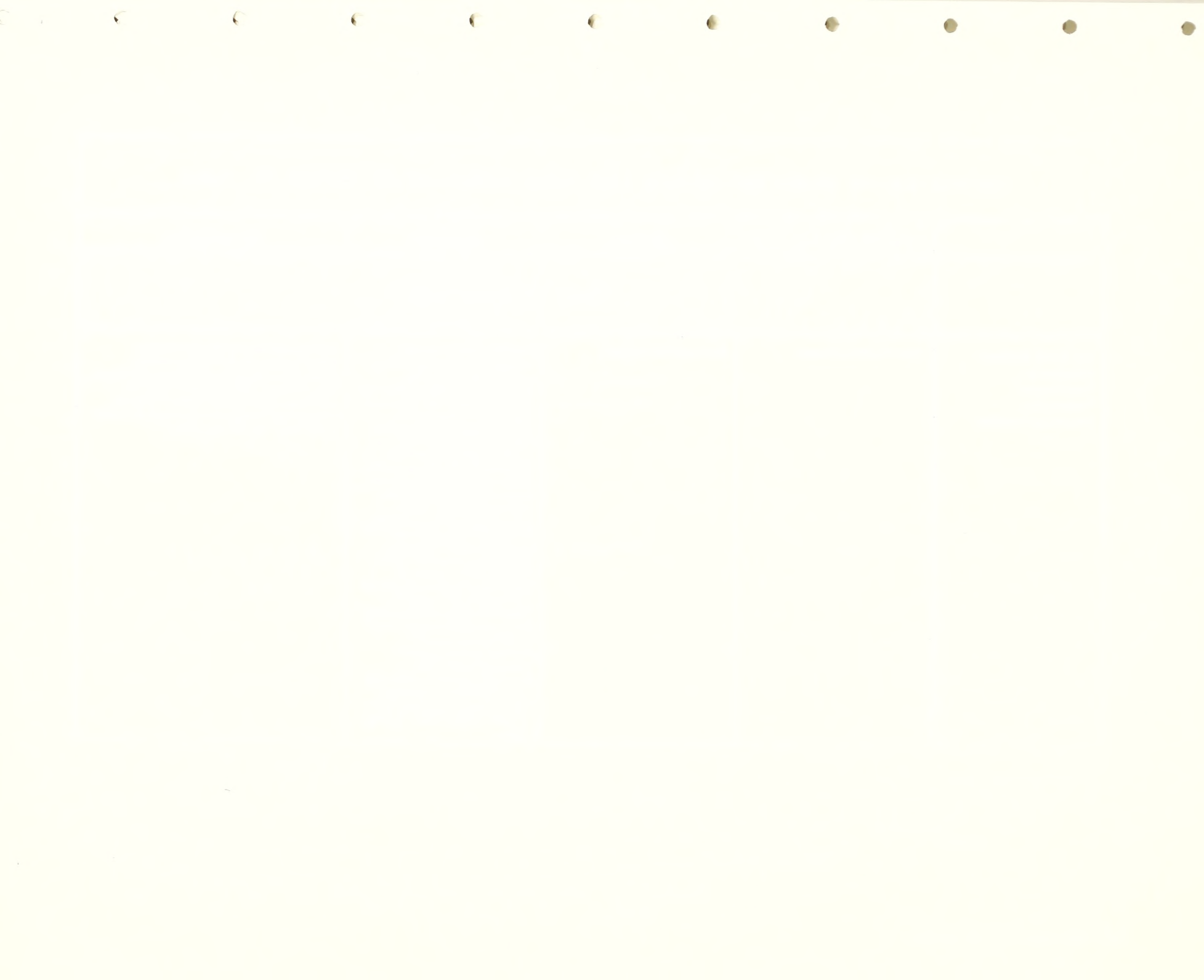
COMPARISON OF HOUSE AND SENATE PASSED 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
64. Location of USDA offices on Indian reservations.	No comparable provision.	No comparable provision.	Establishes a demonstration program for service to Indians by collocating ASCS, SCS, and FmHA offices at no less than 12 Indian reservations. [Section 1289]	Resources should be deployed on basis of efficiency and need, not legislated.
65. Renewal of buyback rights to inventory property.	No comparable provision.	No comparable provision.	Gives buyback rights to former owners whose land came into inventory before January 6, 1988 and has been leased to such owners within twelve months of date of enactment of the farm bill. [Section 1316 (d)]	Extends 1987 Agriculture Credit Act to earlier foreclosed property. Has been modified to accommodate technical USDA concerns.
66. Minority Farmer Program.	No comparable provision.	No comparable provision.	Establishes policy goals and statutory requirements to attempt reversal of losses in minority farm ownership and operation. [Title XIX, Subtitle K]	Provides basis for understanding the impact of FmHA credit on the decline of minority farm ownership and operation, which is only one part of a larger problem.
67. Extension of inventory purchase demonstration project.	No comparable provision.	No comparable provision.	Extends by one year FmHA demonstration program that guarantees loans for purchase of property in inventory of FCS institutions. [Section 1319(c)]	Provides for a full year operation; Program only operable for several months of 1989.



COMPARISON OF HOUSE AND SENATE 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
	RURAL DEVELOPMENT			
68. Rural Business Investment Fund/Rural Partnership Investment Board.	No comparable provision.	No comparable provision.	Establishes Rural Business Investment Fund, administered by a newly established Rural Partnership Investment Board, with authorizations of \$100 million, \$86 million, \$67 million and \$47 million in fiscal years 1991, 1992, 1993 and 1994, respectively; eligible entities get maximum \$750,000 per year (maximum total \$2,250,000) except when entity is state rural development agency, which would receive up to \$1,250,000 per year for maximum of \$3,750,000. [Section 2007] The Rural Partnership Investment Board (Administrators of FmHA, REA, ES, plus 2 Presidential appointees) would provide lines of credit from Fund to eligible entities (non-profit corporations or public agencies engaged in rural development) and operate revolving funds to make or guarantee loans or make investments in new or expanding rural businesses in conjunction with private loans or investments. Terminates after 5 years. [Section 2006]	Virtually duplicates existing intermediary lending program. Department of Justice advises that mandated composition of Investment Board infringes upon President's authority to select members of board created by Congress. No provision for repayment of funds to the Federal Government. Amounts to a grant.



COMPARISON OF HOUSE AND SENATE 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
69. Requirement for Matching Funds/ Leveraging.	No comparable provision.	No comparable provision.	Each entity to provide at least one-for-one non-Federal match in cash, credit or evidence of commitment to participate by private sources (lower match in poorer areas, no match for Indian reservations). [Section 2007] Each entity to establish local revolving fund for loans, guarantees or investments only when other lenders match on dollar-for-dollar basis or provide funds guaranteed by the local revolving fund. Limited to rural areas outside communities of 20,000 population. Goal of approving at least one entity in 45 states, at least \$750,000 to entities in a given state; no state may exceed \$10 million total. Between 5 and 15 percent of funds targeted to very distressed rural areas and to businesses providing certain specified services. Limit of \$250,000 per year in Federal funds to any one business. No assistance to business with more than 100 employees. [Section 2008]	No more borrower self-help than would occur under existing programs. Each revolving fund would serve only a few relatively small projects.
70. Rural Capital Access Program.	No comparable provision.	No comparable provision.	Rural Capital Access Program, to encourage rural-area lending, operating as a reserve account to protect lenders against loss; funds derived from borrowers (1.5-3.5 percent of loan), matched by lender, with total matched by Federal funds (authorizations of \$15 million, \$20 million, \$30 million, \$40 million and \$60 million for fiscal years 1991, 1992, 1993, 1994 and 1995, respectively), allocated among states on basis of relative share of rural population. No loan may exceed \$3 million. Use of reserve account limited to compensation for loss. Special start-up incentives. [Title XX, Chapter 2]	Duplicates existing program for Business and industry loans. Provision does not address the risk that potential losses could exceed contributions to reserve accounts. New budget authorization of \$165 million over 5 years.

COMPARISON OF HOUSE AND SENATE 1990 FARM BILLS--AS OF AUGUST 30, 1990

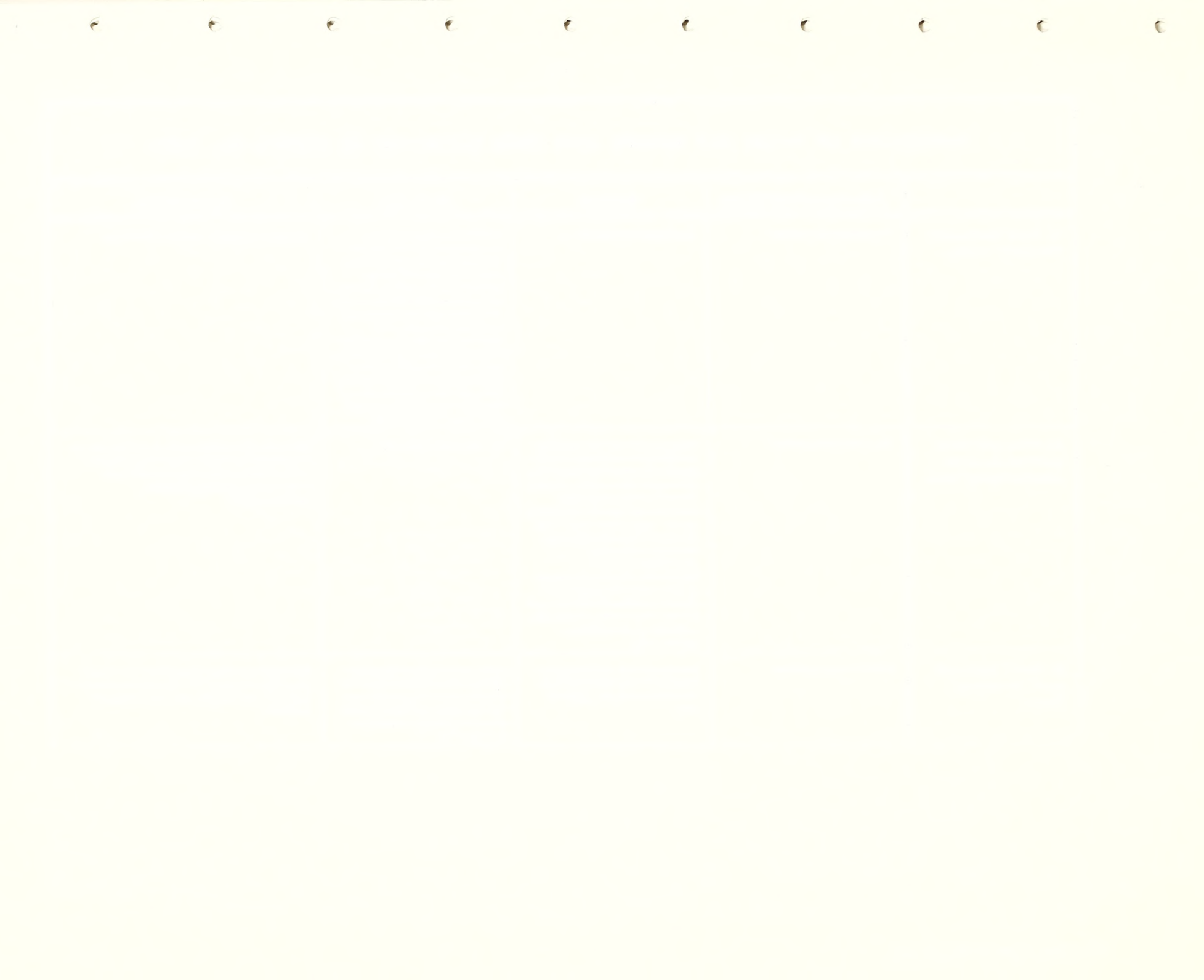
	Administration	House	Senate	Comments
71. Reorganization of USDA Creating Rural Development Administration.	No comparable provision.	Establish a new Rural Development Administration, with all duties, powers assets, offices and other entities in USDA relating to rural development. Authority moved to RDA for loans for recreational uses and facilities, loans for enterprises to supplement farm income and acquisition or establishment of small businesses; water and waste, and community facilities programs; watershed protection and flood protection; business and industry guarantees; outdoor recreation enterprises; Nonprofit National Corporations. [Section 1901]	Secretary must submit to Congress by September 1, 1991, a report containing recommendations for improved coordination of rural development activities of FmHA, FS, SCS, ASCS, ARS, REA, ES, and Office of Transportation. [Section 2043]	Senate provision requires report on better rural development coordination within USDA. Duplicates existing requirement under 1980 Act. House establishes Rural Development Administration to consolidate USDA rural development programs. Provides for improved management and lends greater emphasis to rural development.
72. Setting Priorities for Project Funding in Rural Development.	No comparable provision.	Limit rural development assistance under most programs to states which establish planning requirements, designate participating state agencies and coordinators, and broadly representative rural economic development review panels (16 voting members and four non-voting) which approve plans, review projects for eligibility and conformance with plans, and rank applications by priority within the state's regular allocation funds. [Section 2001] Secretary retains approval authority, but must report project approvals at variance with state priority lists to Congress. [Section 2001] If loan or guarantee authority is insufficient to fund a priority project, limited transfer among programs is provided. Water and waste grants are not subject to transfer. [Section 2002]	No comparable provision.	Give state and local governments the role of establishing priorities in FmHA rural development programs. Transfer authority improves prospects for funding highest-priority projects, while meeting concerns of smaller rural communities highly dependent on grants.

COMPARISON OF HOUSE AND SENATE 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
73. National Rural Information Center Clearinghouse.	No comparable provision.	See next provision.	Requires the Secretary to establish within the National Agricultural Library, in coordination with the Extension Service, a National Rural Information Clearinghouse to assemble and distribute information to any industry, organization, or entity of Federal, state or local government, on availability and eligibility for assistance for programs including job training, education, health care, economic development assistance, and emotional and financial counseling. Authorizations are \$500,000 annually for each of the fiscal years 1991 through 1996. [Section 2051]	See next provision.
74. Rural Development Assistance Information.	No comparable provision.	Amends CONACT to provide that system mandated by existing law for dissemination of information and technical assistance be located in National Agricultural Library. [Section 2201]	Requires Secretary to establish a program in conjunction with National Rural Information Center Clearinghouse within the National Agricultural Library to provide information to rural communities, counties and areas concerning rural development and availability of assistance. [Section 2042]	USDA Rural Information Center Clearinghouse has been in operation for two years: as part of the White House Rural Development initiatives, the President has directed that all Federal Departments and Agencies be included.
75. Data Processing Feasibility in Rural Areas.	No comparable provision.	Requires identification of rural areas that will have advanced telecommunications capability in place within 2 years, plus analysis of their potential. Federal agencies planning to relocate telecommunications-intensive operations must receive such information, analyze it, and report to Congress if a site not listed is chosen. [Section 2821]	Secretary shall study USDA data processing functions, assess whether current or future functions could be performed in rural areas at minimal or less cost, and assess other information regarding potential for locating existing and expanded data processing facilities in such areas. Report due to Congress within 270 days of enactment. Authorization is \$250,000. [Section 2044]	House: Provision pressures Federal agency location of facilities based on single criterion. Senate: USDA already has existing authorities to undertake these types of studies.
76. Local Technical Assistance Grants.	No comparable provision.	No comparable provision.	Expands the eligible recipients and purposes of grants made for technical assistance under the CONACT. [Section 2045]	Adds new class of eligible recipients and expands eligible activities to include business-related functions, training, and establishment of business support centers.

COMPARISON OF HOUSE AND SENATE 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
77. Rural Emergency Assistance Loans.	No comparable provision.	No comparable provision.	Requires an emergency loan program under the CONACT to communities areas of less than 20,000 population which are unable to obtain credit. Maximum loan amount of \$50,000 for a period of 2 years, with terms low enough to permit participation by financially troubled communities. Subject to subsequent refinancing under regular FmHA programs. Authorizations are \$2.5 million for fiscal year 1991 and \$5 million for fiscal year 1992 and succeeding fiscal years. [Section 2046]	Similar to existing programs within FmHA.
78. Water and Waste Loan and Grants to Alleviate Health Risks.	No comparable provision.	Requires loans and grants under the CONACT to recipients facing significant health risks due to lack of adequate water supply, or waste disposal facilities, loans and grants to individuals for residential tap-ona. \$30 million in loans and \$30 million in grants authorized. Preference to colonies, predominately Hispanic communities which have sprung up without planning, controls or adequate facilities, located in areas of Texas, New Mexico, Arizona and California bordering Mexico. [Section 2605]	No comparable provision.	Existing programs take health risks into account in selection of projects for funding. Colonias have received funding under FmHA regular programs and have been targeted administratively.
79. FmHA Water and Sewer Assistance Grants.	No comparable provision.	Removes the cap in existing law, allowing authorizations to rise to \$500 million per year. [Section 2107]	Raise the existing authorization ceiling of \$154.9 million to \$194.9 million in each of the fiscal years 1991 and 1992, and \$204.9 million for each succeeding fiscal year. [Section 2056]	No grounds for increasing funding at a time of budgetary constraint. FY 1990 appropriations for program is \$207 million, less than ceiling in House bill.

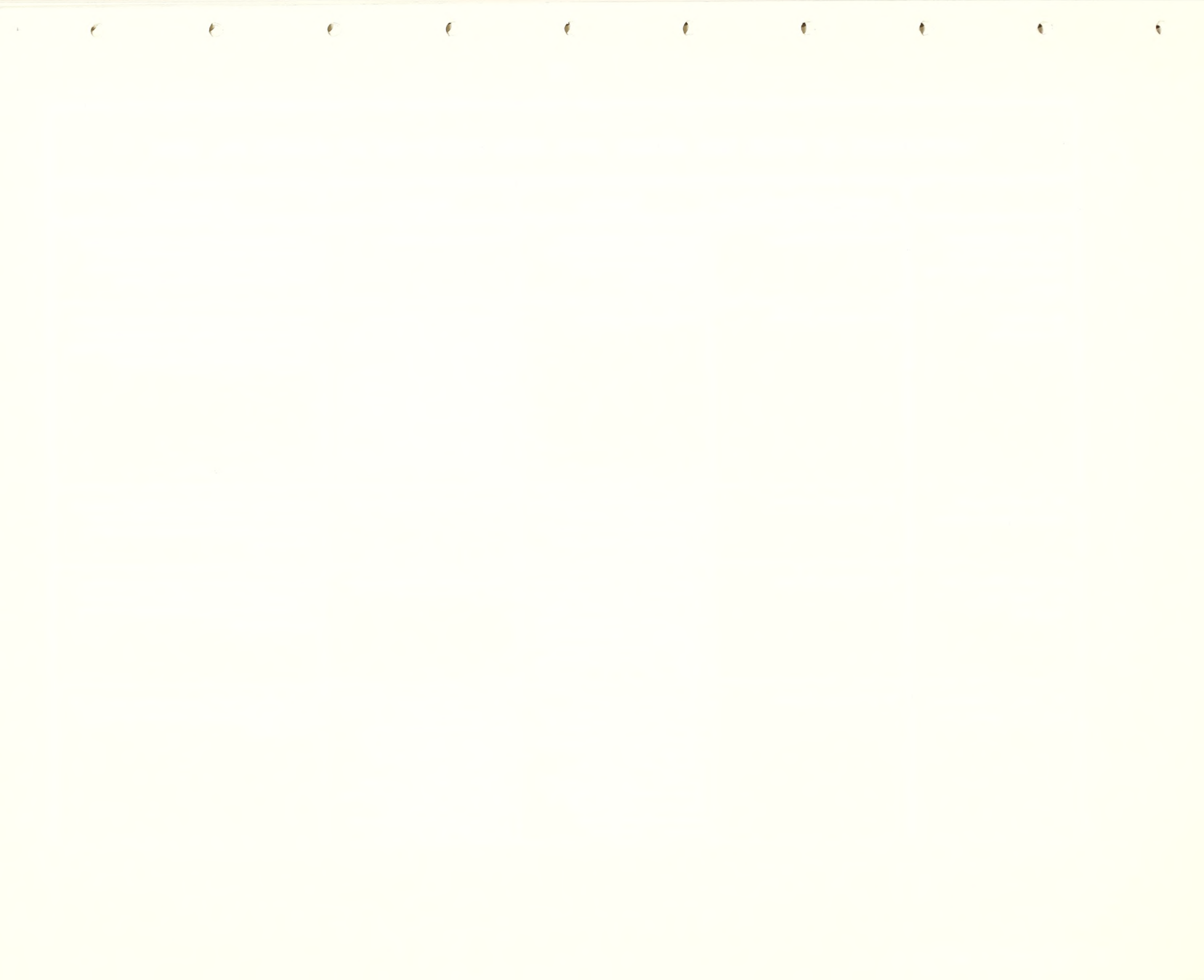


COMPARISON OF HOUSE AND SENATE 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
80. Emergency Water Assistance Grants.	No comparable provision.	No comparable provision.	Requires the Secretary to make grants to eligible rural areas and small communities to provide adequate amounts of safe water. Maximum grants of \$500,000 would go to communities suffering a significant decline in water quality or quantity. No grant is authorized for areas containing communities exceeding 5,000 population or having median household income existing the state nonmetropolitan median income. Authorizations are \$25 million for fiscal year 1991 and \$10 million for fiscal year 1992. [Section 2057]	New authorization duplicates existing authority.
81. Sewer and Water Lending by Banks for Cooperatives.	No comparable provision.	Similar to Senate except assistance is tied to economic development or health needs; eligible population up to 20,000. Under the CONACT, eligible population is 10,000. [Section 2103]	Such institutions are authorized to make and participate in loans for waste disposal and drinking water facilities to any entity which is eligible to receive or has received comparable assistance from FmHA under the CONACT. [Section 2058]	FCS authority expansion; no direct Federal funds involved.
82. Rural Wastewater Circuit Rider Program.	No comparable provision.	Requires FmHA to establish a rural wastewater circuit rider program, providing temporary technical assistance on an as-needed basis to small municipalities and rural wastewater treatment associations lacking adequate full time technical staff. \$4 million annual authorization. [Section 2106]	Same as House. [Section 2059]	Patterned after the successful program for water systems operated for FmHA by the National Rural Water Association. Would overlap existing wastewater technical assistance program currently operating in 26 states.
83. Technical Assistance/Water and Solid Waste Management.	No comparable provision.	No comparable provision.	Requires the Secretary to make grants under the CONACT to non-profit entities providing technical assistance in water pollution control and planning and management of solid waste disposal facilities. [Section 2060]	Duplicates existing authority. Contains no funding language.
84. Monitoring of Rural Area Economic Progress.	No comparable provision.	No comparable provision.	Requires Census Bureau expansion of data collection activities to reflect changes in rural economic conditions, including employment, poverty, income, and other labor force data. \$1 million annual authorization. [Section 2071]	Current rural data gathering activities are adequate. USDA already works with Census Bureau to collect similar information.

COMPARISON OF HOUSE AND SENATE 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
85. Conditioning of Approval for Water and Sewer Grants and Loans.	No comparable provision.	No condition, certification or requirement not specified in the CONACT may be imposed. [Section 2108]	No comparable provision.	Could disrupt application of FmHA regulations essential to protect borrower communities' interests, assure project success and provide maximum prospects for loan repayment.
86. Historic Preservation.	No comparable provision.	No comparable provision.	Requires the Secretary of the Interior, in consultation with the USDA Under Secretary for Small Community and Rural Development and the National Trust for Historic Preservation, to develop and carry out regulations governing rural development projects in relation to statutes for preservation of historical properties & certain historical and archaeological data. [Section 2072]	USDA agencies comply with all relevant statutes by their own regulations. It is unnecessary to mandate Interior Department to adopt and enforce regulations applicable to USDA projects.
87. Loan Rates for Health Care Facilities.	No comparable provision.	Requires interest rate on loans for certain health care facilities financed by FmHA to be based solely on community income. [Section 2603]	Same as House. [Section 2073]	Existing procedures take community income into account. The provisions would prevent FmHA from taking health and sanitary considerations into account.
88. Debt Write-Down for Health Care Facilities.	No comparable provision.	Requires FmHA to establish a debt write-down program for delinquent community facility loans made to hospitals and health care facilities, similar to write-down procedures now applicable to delinquent Farmer Program Loans. [Section 2604]	Same as House. [Section 2075]	Existing authority provides options for servicing delinquent loans. Unlimited debt write-down is not appropriate as a permanent feature of sound lending program.
89. Rural Development Research Assistance.	No comparable provision.	Provides for research on nontraditional use of agriculture products; competitive grants for research into factors affecting rural economic vitality. Also, authorization of \$3 million annually for competitive research grants to evaluate the impact of Federal and state economic development policies and programs. [Title XXIV]	Provides for competitive grants to land-grant colleges and universities and other related research facilities to carry out research related to economic diversification and competitiveness of rural areas. Also, a matching grant program to foster technology transfer. Authorizations are \$2 million per fiscal year. [Section 2076]	USDA already supports and conducts research in this area and is shifting additional resources for this purpose.



COMPARISON OF HOUSE AND SENATE 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
90. Rural Technology Grants.	No comparable provision.	Authorizes \$50 million annually for fiscal years 1991, 1992, and 1993, for grants to nonprofit institutions to establish and operate centers for rural technology or cooperative development. [Section 2201]	No comparable provision.	USDA currently financially supports 5 rural development centers. Would provide new budget authority of \$150 million.
91. Preservation of Eligibility.	No comparable provision.	Provides that nothing in this Act shall affect eligibility of cooperatives or other entities for any other credit assistance under Federal law. [Section 2606]	No comparable provision.	Clarifies that provisions in the Act for which cooperatives are eligible are in addition to, rather than substitution for, other credit available under existing law.
92. Effect on State Programs.	No comparable provision.	Provides that this Act shall not affect the ability of any state to conduct its own rural development programs. [Section 2608]	No comparable provisions.	Clarifies that the limitation of eligibility for federal assistance to states meeting certain requirements (planning, designation of state agencies and coordinators and establishment of state economic development review panels) would not restrict states' ability to operate rural development programs independent from those prescribed in the bill.
93. Business and Industry Loan Applications.	Permits FmHA to hold Community Program and Business and Industry application when they cannot be approved within 60 days due to lack of available funding.	No comparable provision.	Same as Administration but limited to Business and Industry. [Section 2077]	Avoids needless disapproval of loans when funds are not immediately available. Also contained in credit title. [Section 1314]
94. Toll Call Averaging.	No comparable provision.	No comparable provision.	A policy statement supporting the concept of toll averaging, the use of uniform averaged rates for toll calls of equal distance, duration and class of service, to prevent discrimination against rural areas seeking to take advantage of modern communications, telecommunications, and satellite and radio networks. [Section 2079]	Sense of Congress language.
95. National Endowment for Rural Development.	No comparable provision.	No comparable provision.	Sense of Congress statement calling on the Executive Office of the President to review the desirability of establishing a National Endowment for Rural America. [Section 2080]	Rural development receives emphasis under the President's Initiative on Rural Economic Development for the 90's.

COMPARISON OF HOUSE AND SENATE 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
96. Grants to Broadcasting Systems.	No comparable provision.	No comparable provision.	Authorizes the Secretary to make grants under the CONACT to statewide private non-profit public television systems which provide information on agriculture and other issues of importance to farmers and other rural residents. [Section 2081]	Duplicates existing authority. Two grants made in 1990.
97. Economic Impact Statements.	No comparable provision.	No comparable provision.	Requires Federal departments and agencies which issue regulations affecting rural development to issue an economic impact statement concerning the effect of such regulations on rural communities and businesses. [Section 2082]	Adds to rule-making burden.
98. National Rural Development and Finance Corporation.	No comparable provision.	No comparable provision.	Revises and extends program established under the Food Security Act of 1985. [Section 2083]	Redirects \$20 million from funds available for the Business and Industry program.
99. Study of Availability of Information in a National Library to Rural Homes and Schools.	No comparable provision.	No comparable provision.	Study costs and benefits of establishing a computer-accessible National Library, barriers to such a facility, the potential of this capability, along with recommendations. [Section 2078]	Department has no objection to OTA carrying out this study.
100. Use of Private Contractors in Rural Development.	No comparable provision.	Encourages Secretary to use private enterprise concerns in providing commercial activities or products in carrying out this Act. Requires Secretary to develop and implement a plan to increase awards to private business. [Section 2602]	No comparable provision.	Would minimize use of government employees and government enterprises.
101. Buy-American Requirement.	No comparable provision.	Authorizes preference to domestic firms in contracting as Secretary deems in public interest in consultation with Secretary of Commerce and U.S. Trade Representative. Prohibits fraudulent use of "Made in America" labeling. [Section 2607]	No comparable provision.	Authority with respect to preferences is discretionary. Secretary of Commerce would enforce mislabeling provision by bringing suits in Federal courts.



COMPARISON OF HOUSE AND SENATE 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
102. Grants for Emergency Public Safety Telephone Answering Systems.	No comparable provision.	Authorizes \$3 million per year for each of fiscal years 1990 through 1994 for grants to rural communities for such systems, including signs, a numbering system, and maps; administered by Under Secretary for Small Community and Rural Development. [Section 2822]	No comparable provision.	This can be accomplished within existing authorities. New grant authority unnecessary.
103. Business Telecommunications Partnerships.	No comparable provision.	Authorizes low end market-rate loans to businesses, local governments or public agencies to fund facilities where recipients share telecommunications terminal equipment, computers, and software. Subject to review by state review panels. Authorizations of \$15 million annually for fiscal year 1990 through 1994. [Section 2812]	No comparable provision.	These are commercial functions that should be paid for by users that directly benefit. New authority not appropriate.
104. Study of Use of Telecommunications Infrastructure by Rural Areas Business.	No comparable provision	Study to evaluate progress under statutory provisions to foster rural area telecommunications use. [Section 2823]	No comparable provision	Department has sufficient authority now. Unclear value.
105. Extension Service Rural Economic and Business Development Program.	No comparable provision.	ES would train rural citizens and provide management assistance and educational opportunities concerning initiation of new businesses, self-employment opportunities and use of modern technology; also provide leadership training and employer training. [Section 2301]	Secretary shall establish a program to enable states and counties to employ Cooperative Extension Service staff specialists to assist in creating new and existing businesses in areas including advanced telecommunications, computer technology, business and financial planning, etc. Authorizations are \$5 million, \$10 million, \$15 million and \$20 million for fiscal years 1991, 1992, 1993, and 1994, and \$20 million for succeeding fiscal years. [Section 2041]	House would require redirection of Extension Service resources. Senate authorizes sufficient additional funds to carry out provision.



COMPARISON OF HOUSE AND SENATE 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
106. Rural Development Assistance Information and Availability.	No comparable provision.	No comparable provision.	Secretary shall establish a program to study economically distressed areas with large rural populations and low per capita income or high outmigration, and the amount, type and availability of assistance. [Section 2042]	Department has sufficient authority now. Study of uncertain value.
107. Eligibility for Water and Waste Disposal Projects.	No comparable provision.	Makes projects which serve rural business eligible under the CONACT. [Section 2105]	No comparable provision.	Expands eligibility criteria for already scarce resources.
108. Limitation of Business and Industry Program.	No comparable provision.	Reduces maximum size of loans from \$25 million to \$5 million; narrows focus to startup and expansion of small and very small business. [Section 2104]	No comparable provision.	Current FmHA regulations restrict loan size to \$10 million.
109. REA Assistant Administrator for Economic Development.	No comparable provision.	No comparable provision on creating an Assistant Administrator at REA but does establish a technical assistance unit with 3% of salaries and expense allotted. [Section 2101] See new Rural Development Administration [Section 1901 - page 20]	Provision establishes the position of Assistant Administrator for Economic Development and requires 10% - 20% of REA salaries and expense to be spent in economic development. Also, establishes a technical assistance function and allots 1% of salaries and expense to that purpose. [Section 2020]	Provision would be duplicative and unnecessary. The Department has added the position of Assistant Under Secretary for Rural Development and the REA has established a Rural Development coordinator position and assigned employees to the Rural Information Center at the National Agricultural Library. Adoption would hamper ability of REA to do primary task of lending.
110. 5 to 10 year Deferral of Principal and Interest Payments to REA Borrowers if Money is Utilized for Rural Development Financing.	No comparable provision.	Similar provision. [Section 2102]	Borrower must not commit more than 50% to the project and must make a cushion of credit payment in the amount of the deferred amount. [Section 2021]	Provision permits REA borrowers interest-free loans from the Revolving Fund and is unnecessary as REA borrowers can presently invest up to 15% of plant value in similar projects without approval of REA.
111. Water and Waste Facility Financing.	No comparable provision.	Makes REA borrowers eligible on a equal basis with FmHA borrowers for water and waste loans. Requires REA to provide technical assistance for water and waste. [Section 2001(h)]	Provides a new authority for water and waste loans to REA borrowers at 5% interest. Establishes a funding level of 10% of insured electric & telephone loans or \$40 million, whichever is less. [Section 2022]	Provides additional funds up to \$40 million that duplicates existing FmHA authority. REA has no technical expertise in water and waste. Cooperatives are currently eligible for FmHA loans. Special program for cooperatives is not needed.



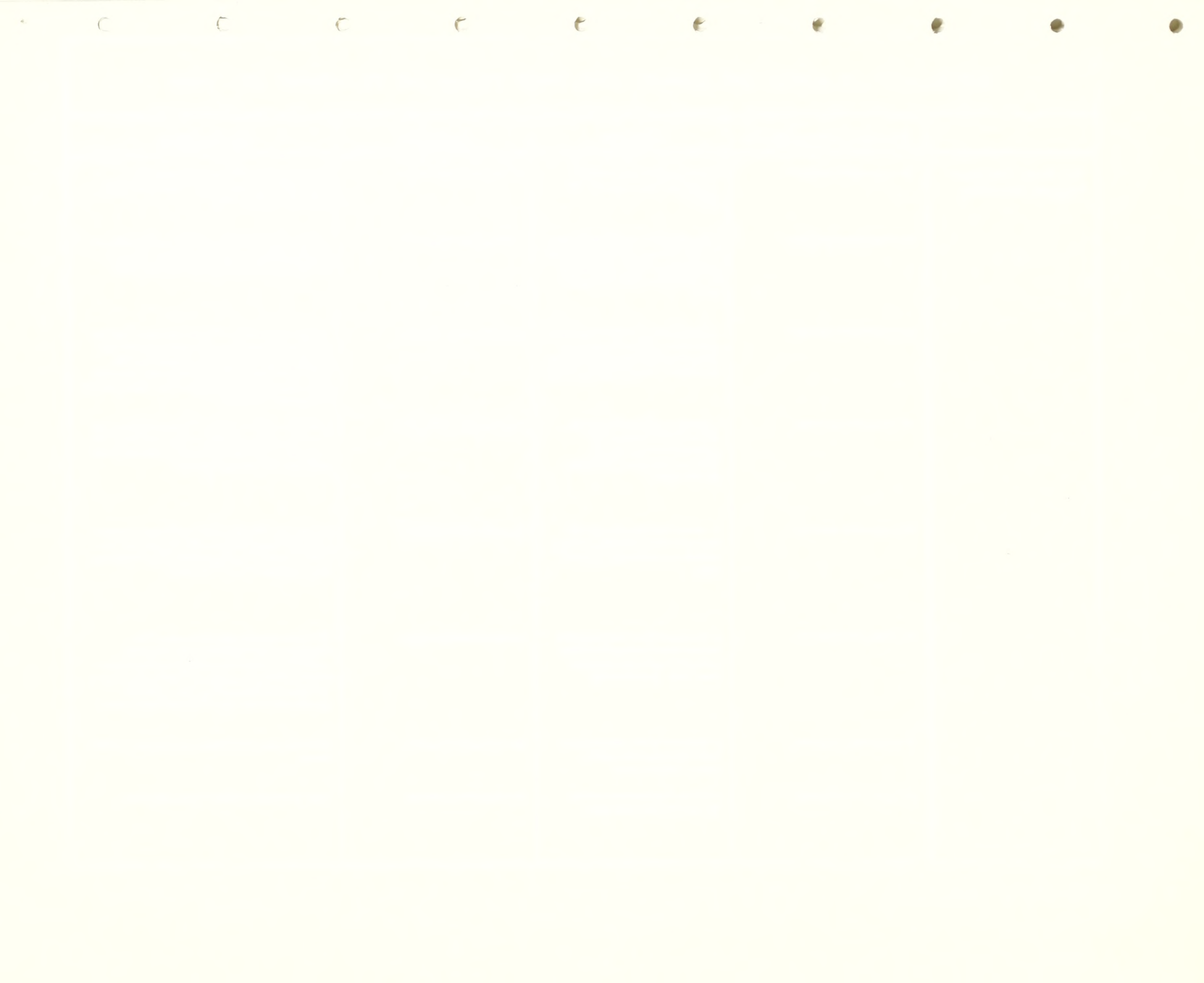
COMPARISON OF HOUSE AND SENATE 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
112. Rural Business Incubator Fund to Assist Business Development.	No comparable provision.	No comparable provision.	Creates Rural Business Incubator fund and permits REA to make grants or low interest (5% or lower) loans to its borrowers and other non-profit entities to support the operation of existing incubators or develop new ones. [Section 2023]	Each REA borrower, with local economic expertise, can presently commit up to 15% of its plant value to local rural economic development projects. Nationally this represents a total of \$7 billion that could be utilized for these purposes. Current REA zero interest loan and grant program finances business incubators. Program duplicates these authorities.
113. Telecommunication Grants.	No comparable provision.	No comparable provision.	Establishes grants to any user to encourage and improve the use of telecommunications and computer networks. [Section 2031-2035]	Offers grants instead of loans and bypasses existing REA borrowers.



COMPARISON OF HOUSE AND SENATE 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
114. Rural Telephone Program Provisions.	No comparable provision.	House provisions on the Rural Telephone Program are in Title XXV.	No comparable provision.	The Department estimates that Title XXV provisions would increase outlays of over \$600 million in FY 1991-1995.
	No comparable provision.	1. Prohibits the Administrator from requiring REA telephone borrowers to use own money for telephone investment purposes. [Section 2511]	No comparable provision.	Prohibits the REA Administrator from considering financial health of borrowers in making loans. Diverts loans from telcos with greatest need.
	No comparable provision.	2. Prohibits the Administrator from requiring an increase in rates or Times Interest Earned Ratio (TIER) as a loan condition. [Section 2523]	No comparable provision.	It restricts the Administrator from enhancing the prospects for repayment of loans by borrowers. Some applicants could be ineligible for REA funds if feasibility requirements cannot be used. When combined with Section 2533, would result in unnecessary subsidies.
	No comparable provision.	3. Requires REA to provide full amount of loan requests to qualified borrowers for all authorized telephone purposes. [Section 2525]	No comparable provision.	Provision would open up telephone programs for loans for office buildings, rolling stock and other purposes. Less funds would be available to REA borrowers for useful equipment.
	No comparable provision.	4. Allows REA borrowers to set their own terms and amortization periods for their loans. [Section 2532]	No comparable provision.	Current regulations tie amortization to expected useful life of equipment. This provision would permit equipment with a useful life of 3-10 years to be financed for up to 35 years.
	No comparable provision.	5. Requires REA to make loans at interest rates less than 5% (down to 2%) if necessary to generate 100% TIER. [Section 2533]	No comparable provision.	The loan feasibility provisions and TIER requirements will result in fewer borrowers qualifying for Rural Telephone Bank Loans and more qualifying for direct loans in many cases at an interest rate of less than 5%. Especially burdensome when combined with Section 2523.
	No comparable provision.	6. Removes all REA officials from Rural Telephone Bank (RTB) Board. [Section 2541]	No comparable provision.	Removes REA Administrator as Chairman of RTB Board.
	No comparable provision.	7. Extend Capitalization of RTB beyond 1991. [Section 2542]	No comparable provision.	Adds \$8 million in class A stock purchases.



COMPARISON OF HOUSE AND SENATE 1990 FARM BILLS--AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
	No comparable provision.	8. Removes quarterly allocation of money to RTB and forces Administrator of REA to use ceiling amount allocated instead of floor. [Section 2546]	No comparable provision.	Prevents control of cash flow from Treasury. Increases lending level by \$546 million.
115. Rural Forestry and Economic Diversification Action Teams.	No comparable provision.	Authorizes establishment of rural forestry and economic diversification action teams to prepare action plans to provide technical assistance to economically disadvantaged communities using existing authorities of the Cooperative Forestry Assistance Act. [Section 2704]	No comparable provision.	
116. Loans to Economically Disadvantaged Rural Communities.	No comparable provision.	Provides authority to make loans to economically disadvantaged rural communities to secure technical assistance and services to aid in the development and implementation of action plans for improving existing facilities, expand or improve infrastructure, and support the development of new industries unrelated to national forest resources. Authorizes an amount equal to 5 percent of the sales of timber and other resources and user fees.	Similar provision, but increases the Reforestation Trust Fund by \$10 million annually to accomplish purposes.	Provides new budget authorizations over 5 years, \$274 million in the House and \$50 million in the Senate. Targets assistance to forest resources dependent communities.



COMPARISON OF HOUSE AND SENATE 1990 FARM BILLS—AS OF AUGUST 30, 1990

	Administration	House	Senate	Comments
	Disaster Protection			
117. Crop Insurance.	Replace current crop insurance program with the disaster assistance program outlined in the "Green Book."	Sense of Congress that states Congress is in the process of reforming the crop insurance program and that funding should continue. [Section 1858]	Encourages greater private sector participation in determining rates and coverages, permits use of ASCS yields, requires crops covered in one county of a State be covered throughout the State, requires that rates be adjusted to achieve actuarial sufficiency, but caps rate increases at no more than 20 percent of previous year's rate, requires reinsured companies to bear an increased share of risk, directs the Secretary to use ASCS in providing crop insurance information and agent list to farmers and includes a sense of Congress that the funds necessary to run the crop insurance program be borrowed from CCC and repaid as soon as practicable. [Sections 2201-2212]	The House provision makes no attempt to reform the current program. The Senate version does not reform the program operation or design, and costs will continue at unacceptable levels. Both versions contain "Sense of the Congress" language supporting the continuation of the crop insurance program, the Senate language also expressing support for the use of CCC funds for that purpose.



<p>118. Disaster Assistance.</p>	<p>The Administration's proposal as contained in the "Green Book" would cover over 93% of the total U.S. crop land. It would replace the current crop insurance program and change the current disaster assistance laws. In order to receive payment during a disastrous crop year, county-wide harvested yields must fall below 65 percent of normal. Individual losses would be based on the difference between the farmers harvested yield and 60 percent of the normal harvested yield for the county. Further, 65 percent of the three-year average market price for the crop would be used in the payment calculation. Coverage would be available for all crops currently covered by the crop insurance program plus hay and forage.</p>	<p>For wheat and feed grains, if harvested production on any farm is less than the result of multiplying 60 percent (75% for cotton and rice) of the farm program payment yield by the acreage planted for harvest, the Secretary shall make a disaster payment at a rate equal to 50 percent (33 1/3% for cotton and rice) of the established price for the crop for the deficiency of production below 60 percent (75% for cotton and rice) if crop insurance was not available. The Secretary may also provide disaster assistance if crop insurance and other forms of Federal assistance are insufficient to alleviate an economic emergency. Prevented planting disaster payments must be made for wheat and feed grains if such crop insurance was not available.</p> <p>For peanuts, soybeans, sugar beets and sugarcane, the Secretary has discretionary disaster payment authority. The level of loss necessary to trigger a potential payment occurs if harvested production on any farm is less than the result of multiplying 60 percent of the farm program payment yield by the acreage planted for harvest. However, payment rates are equal to 50 percent of the loan and purchase level of the crop.</p>	<p>Same as the House version.</p>	<p>Individually triggered disaster assistance payments are costly, inequitable, encourage production of crops in abundant supply, bring into production marginal land and are prone to abuse. The Administration's plan covers more crops, is less costly, less prone to abuse and does not encourage production on marginal lands.</p>
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COMPARISON OF HOUSE AND SENATE 1990 FARM BILLS--AS OF AUGUST 30, 1990				
	Administration	House	Senate	Comments
	RURAL ELECTRIFICATION ADMINISTRATION			
119. Prepayment of REA Direct and Insured Loans at Discounted Value.	No comparable provision.	No comparable provision.	Authorizes prepayment of REA direct and insured loans at a discount in the case of a merger of a borrower and an organization that prior to 10/1/87 had repaid its direct or insured loans.[Section 2084]	This provision, if enacted, would create an immediate lowering of the asset base of the Rural Electric and Telephone revolving fund by \$32 million and raise the potential for other losses as more mergers occur.

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